UNITED NATIONS

DP

Governing Council of the United Nations Development Programme

Distr.
GENERAL

DP/CP/PRC/3/EXTENSION II
12 March 1993
ENGLISH
ORIGINAL: FRENCH

Fortieth session
1-18 June 1993, New York
Item 4(a) of the provisional agenda

PROGRAMME PLANNING AND IMPLEMENTATION

Country, intercountry and global programmes

EXTENSION OF THE THIRD COUNTRY PROGRAMME FOR THE CONGO

Extension period	Resources	$
1993	IPF for the extension period	650 000

CONTENTS

		Paragraphs	Page
I.	JUSTIFICATION	1 - 5	2
II.	OBJECTIVES	6 - 9	3
III.	PROGRAMME DESCRIPTION	10 - 21	3
IV.	FINANCIAL SUMMARY		6
V.	RECOMMENDATION	22	7

I. JUSTIFICATION

1. The Government of the Congo requests the extension of the third country programme until 1993, following the grant of a first extension by the Administrator for the year 1992, owing to the county's political situation. The amount of this third programme (1988-1991) was $6,501,000.

2. From the mid-term review of the third country programme for the Congo, conducted in April 1990, it was clear that the execution of the programme, while in keeping with the priorities defined by the Government, had unfolded in a context of widespread crisis in the institutional sphere and the economic and social spheres alike. This had considerably compromised the Government's financial commitments and taken a heavy toll on the results. Thus, a considerable portion of the activities in the fields of agriculture and public-enterprise management that were to be jointly financed by the Government through a World Bank loan could not be completed. This resulted in unprogrammed expenditures by UNDP, financed out of the next programme.

3. Despite these handicaps, the review concluded that the third programme had to a large extent performed the tasks initially entrusted to it and had managed to respond to the requests of the Government. The latter had in fact expressed its satisfaction with the manner in which cooperation had proceeded between UNDP and the Government. The top priorities adopted for the programme related to agricultural and forest development, the restructuring and strengthening of business management, coordination of aid and economic planning, and social development and human resources.

4. During the first extension period, over the course of 1992, new avenues of cooperation emerged in answer to problems stemming from the crisis. It was necessary to liberalize the economy in view of the effort to combat unemployment through training and apprenticeship; protect the biodiversity of the Congo; step up efforts to control the AIDS (acquired immunity deficiency syndrome) pandemic; strengthen national primary health care policy; and contribute to the advancement of women. The one-year extension made it possible to consolidate the major actions undertaken by current projects; wind up some projects; capitalize on the results obtained in the execution of the third country programme; and, jointly with the other donors, launch initiatives that herald the fourth programme.

5. A Sovereign National Conference (25 February to 10 June 1991) recognized the catastrophic situation of the country: structural imbalances in the economy; a glut of civil servants; bankruptcy of the State sector; and a low level of private economic activity. During the transition period (June 1991 to August 1992), the socio-economic situation deteriorated further and further, to the point that the Congo was forced to stop payments. On the domestic front, this meant delays in the payment of salaries and wages, while externally it resulted in the freezing of external financing.

II. OBJECTIVES

6. At the National Conference a number of measures were adopted for improving State finances, restoring the fundamental equilibria of the economy and imparting to the Government new politico-economic patterns, breaking away from the emphasis previously placed on the role of the State in the promotion and development of economic activities. The Conference also stressed the need to carry out a thorough reorganization of certain sectors, such as education and public health.

7. In December 1991, the transition Government adopted an Economic Recovery and Stabilization Programme based on a whole array of structural-type measures, ranging from the reduction of the payroll (deflation of civil service) to the restructuring of the private sector, including privatization. Other important measures related to the search for solutions to the foreign-debt problem and the creation of jobs through the promotion of the private sector.

8. It should be mentioned that nothing was done during the transition period to begin carrying out the actions proposed in the Economic Recovery and Stabilization Programme. The President of the Republic, elected in August 1992, presented a project based on a structural adjustment programme that included the bulk of the measures contained in the Recovery Programme. It stresses the revitalization of the economy, primarily through the withdrawal of the State, the privatization of State enterprises, the promotion of the private sector, the encouragement of private initiative and the strengthening of prospective-study capacities. UNDP may contribute toward strengthening national capacities for macro-economic management and strategic planning.

9. Since mid-1992, changes in government have continued to take place and new legislative elections scheduled for February 1993 will result in the formation of a new government. The extension period for 1993 will enable the authorities, jointly with UNDP, to complete the preparation of the country programme. It will also permit the Government, UNDP and the donors to continue the NATCAP (National Technical Cooperation Assessment and Programmes) exercise, an appropriate strategic framework for mobilizing external resources, coordinating assistance and strengthening national management capacity.

III. PROGRAMME DESCRIPTION

10. The dynamics of the third country programme must be corrected and UNDP activities, financed out of IPF (indicative planning figure) funds, will be among the priorities set by the Government.

11. Two projects of the third programme will continue, in the areas of rural development and environmental protection, respectively:

(a) The project Development of the Mayombé (PRC/89/002), executed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in connection with its Programme on Man and the Biosphere, deals with the

management of the Dimonika Reserve. This action will be continued under a programme financed by the Global Environment Facility (GEF) jointly with the World Bank and UNDP. On a broader level, UNDP will provide support for the preparation of the National Environmental Action Plan (PNAE) and for ensuring the implementation of the recommendations of the United Nations Conference on Environment and Development (UNCED), in particular Agenda 21. Additional resources may be available for that purpose.

(b) The Agricultural Extension project (PRC/87/002) will continue its activities for setting up a national agricultural adaptation research and extension system. The implementation of this programme, however, still depends on the effective mobilization of Government co-financing, based on World Bank credit, in order to make it possible to expand the extension system nation-wide and revitalize farm production with a view to achieving food self-sufficiency.

12. The World Food Programme (WFP) will continue its support to actions undertaken in rural areas, in particular the setting-up of the extension and applied-research system, the development of fish-farming, forest management and environmental conservation.

13. For nearly six years now, the Government of the Congo has been promising to pull out from industrial and economic activities and promote the potential role of the private sector in those areas. With help from UNDP and other donors, the Government is desirous of setting up a programme to provide guidance and intensive support to national operators of small and medium-sized enterprises and industries (SME/SMI) in the areas of production and business in order genuinely to take advantage of the role that might be played by the private sector in revitalizing the national economy.

14. The Government and UNDP have already outlined a general programme of assistance to small and medium-sized enterprises and industries in close conjunction with the European Economic Community (EEC) and other partners, such as the Governments of France and Germany. This action should help create a better, more stimulating environment for such enterprises and industries and make authorities and economic operators alike aware of the action being taken to encourage establishments of this kind and promote the private sector.

15. This (SME/SMI) programme will call on the experience of UNDP and three other agencies of the United Nations system (the International Labour Organization (ILO), the International Chamber of Commerce (ICC) and the United Nations Organization for Industrial Development (UNIDO)). It will also seek to boost the agri-foodstuffs sector and industry, and will promote job-creation and encourage vocational training. A UNDP contribution within the framework of the Management Development Programme (MDP) is also proposed with a view to creating the optimum legislative and regulatory environment for the development of the private sector.

16. UNDP will also provide the necessary support for fostering a global, joint approach of the Government and its partners in promoting the private sector. In view of the current socio-political context and the transformation

process under way, this objective ought to constitute a priority for the next country programme.

17. Scheduled to start in 1993 is a macro-economic management support programme which is to lead ultimately to the formulation of a comprehensive programme financed by the international community for Congolese capacity-strengthening in the areas of analysis, management and strategic planning. A mission is planned for 1993 to identify technical cooperation needs and backstop the Government in introducing economic and financial reforms designed to remove structural imbalances and stabilize the financial situation of the country.

18. The Government, which has stressed the absolute necessity of undertaking precise, well-aimed actions for the integration of women into the economic and social life of the country, desires to take such action with UNDP in collaboration with local nongovernmental organizations (NGOs) and community groups in both rural and urban areas.

19. UNDP assistance is requested in order to embark, in collaboration with the World Health Organization (WHO) and other partners, on a campaign of popular, preventive education in support of the National Programme for the Control of AIDS, with emphasis on the socio-economic impact of the scourge on the county's development process.

20. Also, it is acknowledged that the Government may contemplate the possibility of using part of the IPF during this extension period to finance technical cooperation during the coming elections and possibly technical assistance for strengthening the process of democracy-building in the Congo.

21. The Government intends to submit the fourth country programme to the Governing Council at the forty-first session. In the mean time, the Administrator considers the extension of the present programme thoroughly warranted and recommends that the Governing Council approve it.

IV. FINANCIAL SUMMARY

ESTIMATED RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

A. Current country programme		
Fourth cycle IPF	6 501	
Carry-over from third cycle	(126)	
Estimated 1992 expenditures	800	
Carry-over from fourth cycle	1 433	
Cost-sharing		
Programme	1 600	
Project	93	
Subtotal		10 301
B. Estimated resource requirements for the extension period		
IPF	650	
Project cost-sharing	290	
TOTAL		11 241
C. Available fifth cycle resources after the extension period		
Fifth cycle IPF	6 060	
Carry-over from fourth cycle	(1 433)	
Estimated 1992 expenditures	(800)	
Extension for 1993	(650)	
Total IPF available after extensions	3 177 a/	
Cost-sharing	290	
TOTAL		3 467

a/ Of this amount, only $1,662,000 is available for programming, owing to the 25% unprogrammed reserve (i.e., $1,515,000).

V. RECOMMENDATION

22. The Administrator recommends that the Governing Council approve the extension of the third country programme for the Congo for one year, starting 1 January 1993.